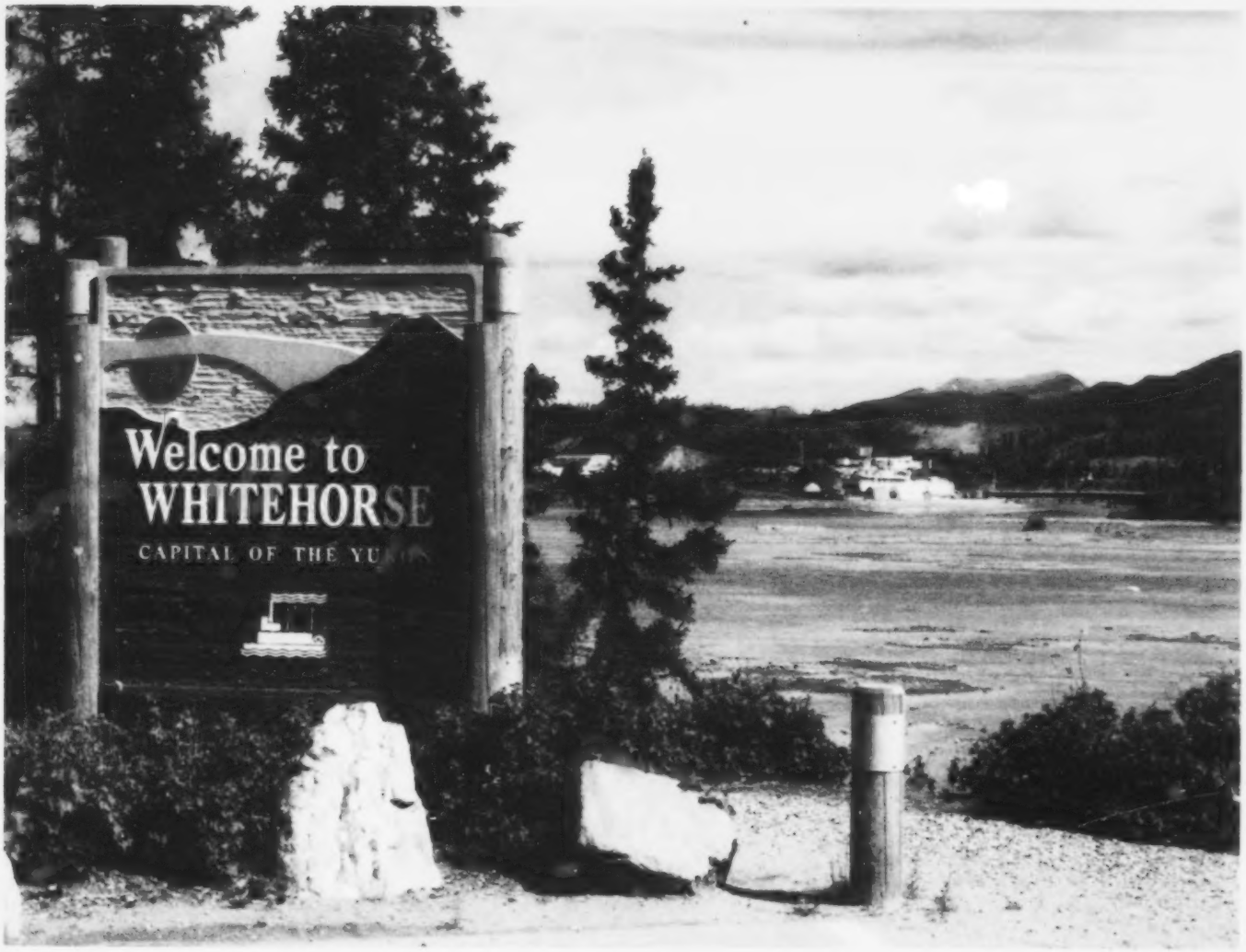
THE CITY OF

WHITEHORSE

YUKON TERRITORY, CANADA



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

THE CITY OF

WHITEHORSE

YUKON TERRITORY, CANADA

2002
ANNUAL
FINANCIAL REPORT

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Prepared by the Financial Services Department

104-03959/

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WHITEHORSE
YUKON TERRITORY, CANADA

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INTRODUCTORY SECTION

WHITEHORSE HISTORY

One hundred years ago, reckless adventurers fought their way down the Yukon River by boat on their voyage to the goldfields. Many struggled through the choppy and treacherous waters of Miles Canyon and the White Horse Rapids on the "Trail of 98".

Whitehorse is named after the historic rapids, which resembled the flowing manes of charging white horses. The White Horse Rapids became known as the greatest peril on the Trail of '98. The construction of the Whitehorse hydroelectric dam in 1958 tamed Miles Canyon and has replaced the once foaming White Horse Rapids with Schwatka Lake reservoir.

In 1897, two entrepreneurs capitalized on the obstacles presented by the Canyon and the Rapids by building tramways on either side of the river. For a fee, their horse-drawn tram cars carried goods and small boats around the rapids on log rails. A tent town called Canyon City appeared at the head of the tramway on the east bank. A roadhouse and saloon provided lodging and refreshments to the tens of thousands of gold seekers on their way to the Klondike. Before the Gold Rush, this area was a First Nations' campsite. In 1900, construction of the White Pass & Yukon railway from Skagway to a point past the rapids was completed and Whitehorse came into being at its railhead.

For years, Whitehorse continued its role connecting rail service with riverboat traffic to Dawson. In 1920, the first plane landed. In 1942, thousands of American Army personnel arrived to build the Alaska Highway. In a record breaking 8 months and 23 days, 1534 miles of highway was laid down. The boom ceased by the end of the war, but Whitehorse had become an important centre of communications and transportation. Whitehorse was incorporated as a City in 1950 and in 1953 the capital of the Yukon was transferred from Dawson City to Whitehorse.

CITY OF WHITEHORSE

2002 ANNUAL REPORT

Mayor and Council
City of Whitehorse
2121 Second Avenue
Whitehorse, Yukon
Y1A 1C2

May 20, 2003

RE: **LETTER OF TRANSMITTAL**

On behalf of our Senior Management Team for the City of Whitehorse, it is a pleasure to look back over the 2002 calendar year and report on our accomplishments. We should first, however, acknowledge that for us to be successful as a corporation, we rely on the unceasing efforts and dedication of our employees. For their support, and their service to our community, I extend my deepest appreciation.

For the successful implementation of Council's policies and programs, we need to focus our human and financial resources on those projects most important to our citizens and to provide our services in an efficient and respectful manner. We do that in tandem with that fiduciary responsibility to spend tax dollars wisely. For the 2002 calendar year, and for the ninth consecutive year, Council adopted a 0% tax rate increase. We did, however, apply a 2% tax rider to fund $2,000,000 in borrowing to design and build Shipyards Park. This project is well underway and will be opened in 2003. Our Council continues to believe that the best support the City can give to our economy is to maintain a competitive tax rate.

The economy in Whitehorse remains much the same in 2002 as in the previous year. The downturn in the mining industry continues, but retail sales in Whitehorse continue to rise. Our tourism market and the Government sector remain stable. Our residential housing market remains strong, creating an atmosphere of growth and our construction industry active.

The City of Whitehorse maintains a solid financial standing. With an annual budget of approximately $45 million dollars, our debt ratio is very low and our reserves are healthy. We have been rated as one of the best places to live in Canada based on low crime rates, an abundance of parks and recreational facilities and our pristine environment.

Significant issues that our administration initiated, or continued, working on in 2002 include:

2007 Canada Winter Games. In October 2002, Council, with the assistance of Premier Pat Duncan and Premier-elect Denis Fentie, appointed Mr. Piers McDonald as the President of the 2007 Canada Winter Games Host Society. Over the next

four years the eyes of the Canadian Sporting Community will be upon us as we develop our facilities and our local sport-governing bodies host national competitions in preparation for the 2007 Canada Winter Games. Hopefully, every citizen in Whitehorse will participate in some way in this huge community-building endeavour.

The City continues to reach out to the community, governments, institutions and interest groups and we place a high priority on establishing strong community relationships. In 2002, the City continued to participate in several community-building initiatives including the Whitehorse Planning Group on Homelessness; the Youth Services Canada Project, the Whitehorse Youth Center Society; the Whitehorse Safer Cities Initiative; partnering with community organizations to develop parks and trails, and the City/YTG Joint Use Agreement for use of school and recreation facilities. The City funds, and organizes, many special events for the participation and enjoyment of our citizens.

Governance. Our Mayor and six members of Council are all elected at-large every three years. The municipality is governed on the Council/City Manager form of government, which assigns all administrative responsibility to the City Manager, who reports directly to Council.

From an administrative perspective, we understand that both the elected and appointed officials for the City of Whitehorse need to work together on behalf of our citizens. In fact, in our system of government they are interdependent; one cannot be successful without the other. Over 2002 the two components of our organization worked well together and we appreciate Council providing us with the direction we need to carry out their plans and programs.

Smart Community. We live in the electronic age and Whitehorse is at the leading edge. We know from our 2002 citizen survey that 88% of our citizens have access to computers and email. At the City, we're improving our fibre optic links between our buildings to provide faster point-of-sale service. We've improved our Web Site and our ability to keep it up to date. Our Supervisory Data Control system in our Utilities Department is up and running, and there's lots more to come. We continue to explore e-business and e-governance opportunities to improve access and, we look forward to bringing that to our citizens in the future.

Fire Department. Our Fire Department participated in the development of a Fire Services Strategy in 2002, defining for Council their core services, completing a Fire Hall Location Study and a manpower planning report. The Strategy sets out ways to address our combined full-time/ volunteer force and important goals that we need to achieve over the next few years to protect and serve the citizens of Whitehorse to the level they have come to expect from our Fire Department.

Transit Services. Whitehorse Transit continued their review of our Handy Bus Service and, after intense discussion with their stakeholders, unveiled a new policy in 2002 that was finally adopted in early 2003. The policy provides a more consistent standard of service and addresses demand issues from our regular and call-in customers.

The operational assessment of our regular transit service also concluded in 2002 and a new schedule will be introduced in 2003, which will allow us to operate more efficiently. This was a huge undertaking, including ridership counts, benchmarking, trend research and an operational audit. As we look for efficiencies at Transit, we continue to upgrade our bus fleet with two new, 30-foot busses that will accommodate our passenger loads, but do so more efficiently.

Parks & Recreation. Whitehorse residents, of all ages, are recreation oriented. A crowning moment in the Department's history was the October 2002 opening of our new aquatic facility. It will be matched in 2005 when we open the rest of the multiplex to our citizens. Two ice sheets, a large flexi-hall, a soccer surface, running track, fitness centre, leisure ice facility, lounge and all the amenities that go with it. The legacy grows as we approach the 2007 Canada Winter Games.

In addition, the City continues to improve our existing facilities, including a new ice resurfacer and ice-plant improvements at Takhini Arena. Compliments on our parks, trails, facilities and active living programs continue to roll in, and our Spring/ Fall Recreation Grant Program has again provided grants to over 75 local community organizations in 2002.

Bylaw Services. In any high-density community, we tend to get on each other's nerves. Without rules, our quality of life would be much worse. That's where our Bylaw Services Officers come in. The focus of our Bylaw Services Department in 2002 continued to be to work with community organizations and offer dispute resolution services to our citizens. We consider the provision of quality customer service to be our top priority.

Tourism & Economic Development. Tourism and Economic Development continued to partner with local organizations and industry to meet the changing tourism and economic development landscape. The interest in Whitehorse and the Yukon is still strong and we reply to all queries for information that come our way. We are active participants at many trade shows and always look to partner with our business community to create that environment that will attract visitors.

Events. The City of Whitehorse was pleased to continue its support in 2002 to activities built around the Yukon Sourdough Rendezvous, the Yukon Quest, Canada Day, our Sister Cities exchanges, and many other events that strengthen the partnership between Yukon non-profit groups, Whitehorse businesses, other levels of government and all elements of the city's staff.

Land Based Planning. 2002 saw the successful completion of our Official Community Plan. This document addresses the future development of all land-related matters in Whitehorse including municipal services, the environment, utility and transportation systems, and land-based planning. Supplementing the Official Community Plan was our work on the Whitehorse Moves/ Transportation Showcase Project, which will assist us in the development of our Transportation Study that is currently in progress and will conclude in 2003.

Heritage Conservation. The City of Whitehorse designated eleven historical resources in 2002, adopted a heritage incentive program and a heritage registry. We reviewed our Heritage Bylaw to implement a more efficient delivery mechanism and we completed the Shipyards Park Heritage Conservation Plan. We look forward to more progress in 2003.

Solid Waste. Following a successful pilot program in Crestview in 2001, the City of Whitehorse implemented a city-wide, bi-weekly curbside collection of compostable materials program in May 2002. A full program evaluation will be conducted on its one-year anniversary. The City is proud of how we continue to accept our environmental responsibility for solid waste and we have high standards for the operation of our landfill site, our support for recycling centres throughout the City, our city clean-up program and many others.

Roads and Sidewalks. The City of Whitehorse has a large network of roads and walks. Each year we spend approximately $1 million dollars on paved and chip-sealed road upgrades and we look to our Local Improvement Program to work in partnership with those property owners adjacent to roads that need rebuilding. Our fleet of equipment was improved with the addition of a new street sweeper in 2002 and our renewed focus on keeping our City clean.

Emergency Preparedness. The City of Whitehorse Emergency Measures Organization has a well-developed Emergency Plan that is regularly exercised. Two Exercises were carried-out in 2002, one being a Planning Exercise called Mercury Falling, and a second, a Communication Exercise called Mercury Rising. Both Exercises help identify opportunities for improving our capability to protect people and property during a man-made or natural disaster.

Performance Measures. An organization-wide initiative to identify the purpose, or Mission Statement, of each of the programs the City delivers started in 1999 along with a process to develop measurements based on activities and benefits. This program was implemented in 2000 and we are now at the point of transition to a full business-planning program that we carry out in conjunction with our budget process. Business planning allows us to focus on our foundation documents that we clearly know the purpose of each program that we offer, how we measure success and sets standards for what we want to achieve in the future. This front-end document, along with our financial plan, allows our Managers to work together to achieve our corporate goals.

Looking to The Future

In 2002 the City of Whitehorse continued its drive to more clearly define the services that our citizens want us to provide and define a level of service that will make our quality of life better not only now, but also in the years to come. We rely heavily on our Corporate Strategic Plan to help Council achieve their goals for their term of office and again wish to thank our Council and the citizens of Whitehorse for the honour of letting us serve you.

Bill Newell

Bill Newell
City Manager

MESSAGE FROM THE MAYOR

On behalf of Council, it gives me great pleasure to present the 2002 Annual Report to the citizens of Whitehorse. Inside this report you will find information on our accomplishments over the past year and some of the significant projects Council will be working on in 2003.

I spoke last year at this time about the importance of our Strategic Plan. This Council continues to believe the key to successful leadership is to lead where our citizens want us to go. The consultation process we started in 2001 we continued in 2002. In early 2002, we continued to meet with our staff, we conducted a citizen survey, and we talked with the new Government of Yukon about the City of Whitehorse. We report on our Plan to the Citizens of Whitehorse at an open meeting of Council every three months. We take this responsibility of leadership seriously and, with your help, we believe our ship continues to head in the right direction.

Our community has a complex economy. We believe that our population base has stabilized, our assessment growth in 2002 was approximately 2% and retail sales increased by approximately 11%. These are encouraging signs.

A foundation of our economy is tourism. As a municipality, we continue to work towards creating an environment in which growth can occur. Our Riverfront remains a high priority and we made significant progress in its development in 2002. The Rotary Park renovation is nearing completion. Our Ogilvie Street extension into Shipyards Park was constructed and the detailed design for Shipyards Park completed in 2002 will allow us to landscape and open the Park in 2003. In addition, we opened Confederation Park and completed work on the Riverfront between Rotary Park and Elliot Street.

The Millennium Trail, opened in 2002, allows all of our citizens to enjoy our Riverfront and we look forward to providing access across the river in 2004.

We had many exciting projects in 2002, but perhaps none as exciting as the opening of our new Swimming Pool. With attractions for all ages, and an unbeatable view of the City, this facility has far exceeded our expectations and we appreciate the exceptional attendance it has experienced. In addition, the City of Whitehorse received the assurance from the Government of Canada that we could proceed with the 2nd Phase of our Multiplex, allowing us to remove our condition on the bid to host the 2007 Canada Winter Games. The Citizens of Whitehorse will hear much about both of these projects over the years to come.

The City of Whitehorse had another good year in 2002. Of course, we always appreciate comments, suggestions and participation by all of our citizens on municipal issues and I encourage you to contact me at your convenience. On behalf of Council, we thank you for giving us the honour of serving the citizens of Whitehorse.

Ernie Bourassa

Ernest J. R. Bourassa, Mayor

May 20, 2003

REPORT FROM THE MANAGER OF FINANCIAL SERVICES

The City of Whitehorse Management Team is responsible for the Financial Statements included in this Annual report.

The purpose is to provide users with a clear understanding of the financial results and provide some related statistics for the year ending December 31, 2002.

The City of Whitehorse maintains a system of internal accounting controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial records.

Operating Results

The City's net surplus for 2002 after contributions to and from reserves and debt servicing was $36,108. Of this total, a $96,162 surplus was generated in General operations while a $60,054 deficit was generated in the Water and Sewer function.

Reserves

At year-end 10% of City reserves had been set-aside for specific purposes. The decrease in reserves from 2001 is attributable to the draw down of funds required for capital projects such as the Multiplex/Aquatic Center.

Investments

We invest all our funds based on the objectives of safety, liquidity and yield in order of priority while maintaining compliance with the Yukon Municipal Act.

Debt Management

The City adopted a formal debt management policy that requires a plan that forecasts debt capacity and takes a comprehensive approach to affordability, reflects community attitudes and sets limits but preserves flexibility. Currently our debt load of $5.80 million is less than 15% of the maximum allowed by legislation.

Budget Process

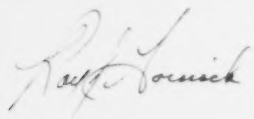
Through the Strategic Planning process City Council identifies broad goals based on its assessment of the community. General policy guidelines and budget preparation instructions are prepared for a three-year rolling budget cycle in June of each year. Programs and services are reviewed and developed that are consistent with policies and plans that culminate in a budget and capital plan usually approved by City Council early in the new year.

Audit Process

The Municipal Act requires City Council to appoint an auditor who has not been a member of Council or an employee of the municipality within the preceding financial year nor a person who has or has had, directly or indirectly, any share or interest in any contract with or on behalf of the City, other than for services within their professional capacity, within the preceding financial year. Accordingly, City Council has appointed the team of J. Kim Tanner CA Ltd and BDO Dunwoody LLP as auditors for the City.

In conclusion, the City of Whitehorse continues to maintain a strong financial position. Whitehorse residents can feel confident that the assets of the City are managed in a prudent and responsible manner.

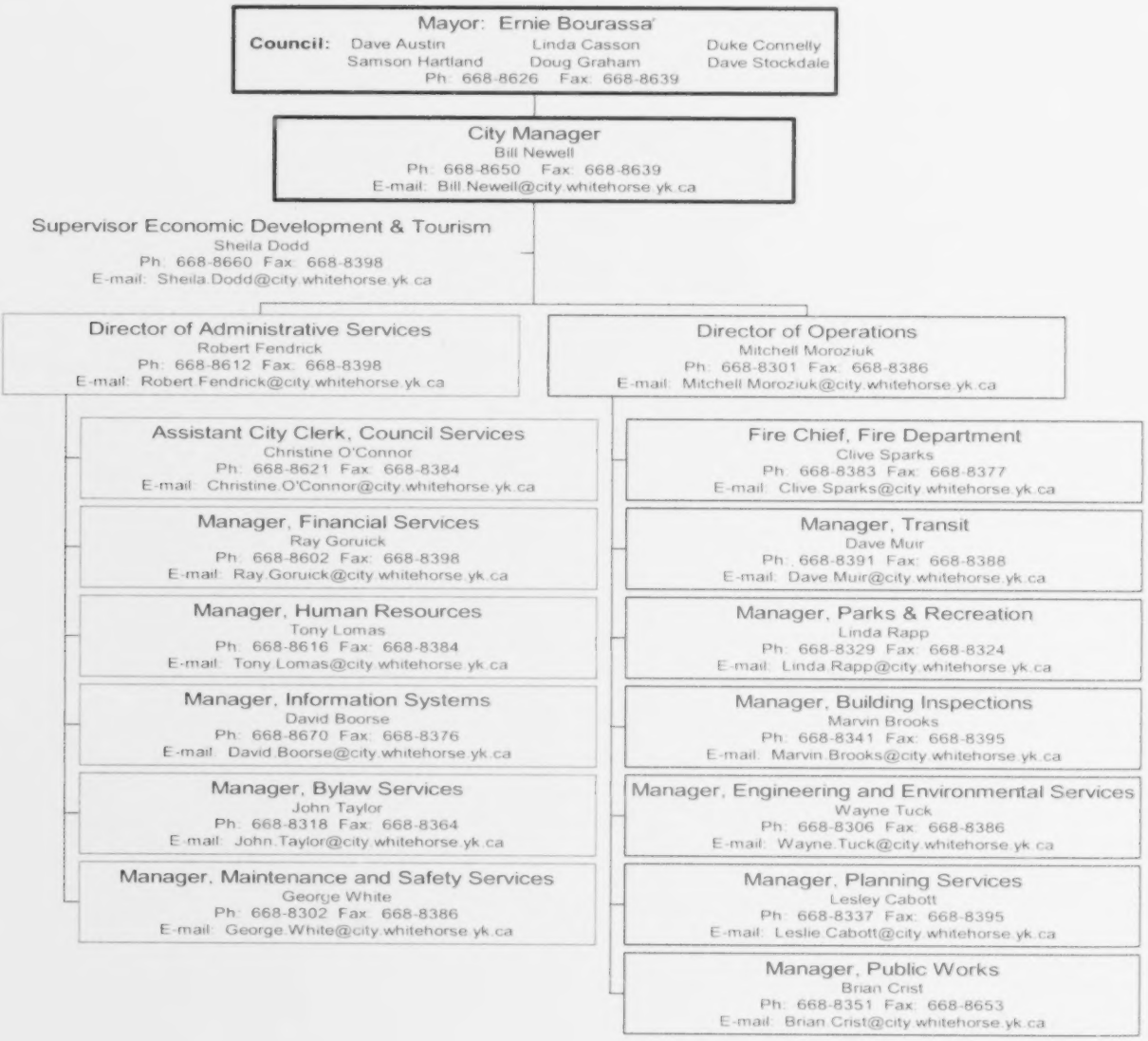
Respectfully submitted,



Ray Goruick
Manager, Financial Services

May 23, 2003

CITY OF WHITEHORSE
ORGANIZATIONAL CHART



CITY, COUNCIL, & BOARD INFORMATION

MUNICIPAL AUDITORS
J. Kim Tanner C.A. Ltd.
B.D.O. Dunwoody LLP

CITY SOLICITORS
Lackowicz & Shier
Barristers & Solicitor

CITY FINANCIAL INSTITUTION
Royal Bank of Canada

DEPUTY MAYOR APPOINTMENTS

Councillor Duke Connelly	November 1 to December 31, 2002
Councillor Linda Casson	January 1 to February 28, 2003
Councillor Doug Graham	March 1 to April 30, 2003
Councillor Dave Austin	May 1 to June 30, 2003
Councillor Samson Hartland	July 1 to August 31, 2003
Councillor Dave Stockdale	September 1 to October 31, 2003

STANDING COMMITTEE CHAIR & DEPUTY CHAIR APPOINTMENTS

Committee	Chair	Vice-Chair
Administrative Services	Councillor Graham	Councillor Casson
Public Health and Safety	Councillor Austin	Councillor Graham
City Operations	Councillor Stockdale	Councillor Hartland
City Planning	Councillor Casson	Councillor Connelly
Community Services	Councillor Connelly	Councillor Austin
Tourism & Economic Development	Councillor Hartland	Councillor Stockdale

COUNCIL APPOINTMENTS TO AD HOC COMMITTEES

Association of Yukon Communities	Councillor Casson, Councillor Graham
Budget Committee	Mayor and Council
Emergency Measures Commission	Mayor Bourassa, Councillor Connelly
Whitehorse Chamber of Commerce	Mayor Bourassa
Whitehorse Housing Authority	Councillor Connelly
Yukon Convention Bureau	Mayor Bourassa
Downtown Whitehorse Business Association	Councillor Graham
2007 Canada Winter Games Host Society	Mayor Bourassa, Councillor Graham and Councillor Austin, Alternate Councillor Hartland
City Manager's Evaluation	Mayor and Council

MUNICIPAL ADMINISTRATION

Administrative Services Division

⇒ **Council Services**

Council Services provides a communication link between the citizens of Whitehorse and their City Council. They are responsible for preparing and preserving records of the official business of the corporation, including bylaws, policies, resolutions and Council meeting minutes.

Council Services also helps ensure strong communication between Council and departmental staff by coordinating the flow of information presented at and arising from Council and Committee meetings.

⇒ **Financial Services**

The Financial Services Department is comprised of 13 full time staff that provide the following services: administrative support services; budget management; investments; collects, prepares and distributes financial information, in the form of reports and financial statements, to departments, Council and citizens; payroll services and administers the city's benefit program; and purchasing assistance to city departments.

⇒ **Human Resources**

The Human Resources department enhances the effectiveness of City of Whitehorse employees by providing staff relations advice and training/developmental opportunities.

⇒ **Information Systems**

The Information Systems budget funds 6 full time staff and the necessary operating resources to maintain the City's computer infrastructure of 200 devices that facilitate 245 end-users. Information Systems support other departments in their efforts to provide efficient and effective services to citizens and contribute to transportation systems, water treatment systems, financial systems and other community systems.

Maintaining a smoothly operating computer infrastructure allows the City to make the best use of its human resources by improving internal communication and cooperation.

⇒ **Maintenance and Safety**

This department is comprised of fifteen staff members and four separate programs:

1) Administration- provides administrative and clerical support for the department, equipment acquisition and disposal and warehousing services for the corporation.
2) Building Maintenance - provides maintenance, repairs, and inspection services for the City's building assets.
3) Equipment Maintenance- provides maintenance, service, repairs and inspection services for the City's fleet of vehicles and equipment
4) Safety & Emergency Services - provides and facilitates necessary safety and EMO training, inspection services and assistance in emergency preparedness.

⇒ **Bylaw Services**

The focus of Bylaw Services is to provide quality customer service to the citizens of Whitehorse and to use an educational approach to resolving infractions against our bylaws. This approach was taken when drafting the new Animal Control Bylaw. This bylaw was reviewed and passed after much consultation with the citizens of Whitehorse during the past year.

City Manager

⇒ **Economic Development & Tourism**

The City of Whitehorse Tourism Department markets Whitehorse as a visitor destination to both the prospective visitor and the tour and travel operators that sell destinations in packages. The department provides updated information for publications, buy advertising and attend and organize trade shows for the Travel Trade. The department also works with the Travel Media. The staff distributed over 17,000 packages to tourists in 2000, 7000 of which were for Convention delegates to Whitehorse. They also are a point of contact within the City for Event organizers, non-profit organizations and owner operators within the Tourism Sector who need the aid of the City in various projects. The Tourism Department also sits as an advisor on TIA, the Convention Bureau Marketing Committee, the YTMP Marketing Committee, the Yukon Vacation Guide committee, and Chairs the Yukon College presidents' committee on the Tourism Program.

Operations Division

⇒ **Fire**

The Whitehorse Fire Department is "A proud and committed organization, dedicated to proactively providing compassionate and responsive service". The Department is dedicated to the protection of life, property and the environment by providing fire prevention and suppression services, public safety education, hazardous materials response, rescue, and first aid.

The Whitehorse Fire Department operates out of two fire halls manned by 20 full-time Firefighters, up to 30 Volunteer Firefighters a Fire Prevention Officer and a Fire Chief. As we move forward into the 21st Century, the Department is placing more and more emphasis on fire prevention including wild fire abatement, public education, pre-emergency planning and fire inspections, to reduce the number of destructive fires that occur each year.

Mutual Aid agreements with surrounding Fire Departments enhance the suppression services available to the citizens of Whitehorse and the adjacent areas. The Department is also involved with Emergency Measures planning to prepare for those situations that may overwhelm the local resources.

⇒ **Parks and Recreation**

The Parks and Recreation Department provides a variety of programs and services related to the provision of parks and green spaces and recreation programs, facilities and events.

The Department consists of 21 fulltime staff supplemented by 19 permanent part-time as well as temporary and casual employees who operate and maintain two arenas, approximately 33 neighbourhood outdoor rinks, one aquatic facility, two cemeteries, 7,333 hectares of greenbelts, numerous trails and neighbourhood parks, leisure programs and special events. The department also provides support to community clubs and organizations with the development of their programs, facilities and events.

The Parks and Recreation Department strives to ensure that the citizens of Whitehorse have opportunities for personal growth, physical fitness, environmental stewardship, community involvement, creativity and self-expression in their leisure time. The Department aims to set standards in these areas and ensures the service delivery is of high quality, reasonably priced and reflects the needs and interests of the community.

⇒ **Transit**

The City of Whitehorse endeavours to provide the best in safe, reliable, cost-effective and responsive transit service that supports the social, economic and environmental well being of the customers they serve. Whitehorse Transit also provides a Handy-Bus service, which is a special door-to-door service for persons unable to use the conventional transit system due to temporary or permanent physical and/or cognitive disabilities.

⇒ **Building Inspection**

The Building Inspection Dept provides reasonable assurance of public health and safety through administration of minimum standards as enacted under the Building Standards Act and the City of Whitehorse Building and Plumbing Bylaw. This is accomplished through a required permit and inspection service for all construction activity within the City.

⇒ **Engineering & Environmental Services**

The Engineering Department facilitates the planning, design and construction of the city's infrastructure including roads, water, sanitary and storm sewer projects as well as parks, street lighting, traffic signals and environmental works.

The Environmental Department provides guidance and expertise on environmental issues and manages environment-related programs and projects that preserve, protect and rehabilitate our environment.

⇒ **Planning**

This department ensures a consistent application of the City's Official Community Plan, zoning bylaw, policies and territorial codes in order to protect the natural and built environment. The Planning Department carries out long-range land use planning in consultation with the community.

The Planning Department is responsible for the riverfront planning and development program, habitat protection and the heritage program. Also, this department coordinates and manages City-owned land in order to increase the financial return to the City and to expand the City-owned land base to assist in the planned growth and development of the City.

⇒ **Public Works**

The Department of Public Works consists of 40 permanent staff and 8 casual staff. The department has 2 general areas of expertise, Utilities and Transportation.

The Utilities area is responsible for the operations and maintenance of the City's water and sewer systems.

The Transportation area is responsible for the maintenance of paved and unpaved roads within City limits, including snow and ice control, maintaining traffic lights and signs and line painting. Another area of responsibility is Garbage collection and administration of the Landfill Contracts. Other programs handled by the department include Insect Control and Street Lighting. Public Works assists other departments and plays an important role in Special City Events.

FINANCIAL SECTION

MANAGEMENT'S REPORT

The Management of the City of Whitehorse is responsible for the integrity of the accompanying consolidated financial statements and all other information within this Annual Report. Management, in accordance with Canadian generally accepted accounting principles for municipalities, have prepared the consolidated financial statements. The preparation of the consolidated financial statements necessarily includes some amounts based on the best estimates and judgments of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that the integrity of financial records is maintained.

The consolidated financial statements have been audited by the team of J. Kim Tanner C.A. Ltd. And BDO Dunwoody LLP. Their report to the Mayor and City Council, stating the scope of their examination and opinion of the consolidated financial statements, follows.

Bill Newell

Bill Newell
City Manager

Robert Fendrick, B. Comm., CGA, M.P.A.
Director of Administrative Services

June 3, 2003

AUDITORS' REPORT

His Worship the Mayor,
Council and Ratepayers
of the City of Whitehorse:

We have audited the consolidated statement of financial position of the City of Whitehorse as at December 31, 2002, and the consolidated statements of financial activities, changes in financial position and reserve funds for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City of Whitehorse as at December 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles as disclosed in the summary of significant accounting policies in the financial statements and as prescribed by the Municipal Act of the Yukon Territory.

Whitehorse, Yukon

March 07, 2003

J Kenneth Thomson CA Ltd
BDO Dunwoody LLP
CHARTERED ACCOUNTANTS

CITY OF WHITEHORSE

Consolidated Statement of Financial Activities

year ended December 31, 2002

	2002 Actual	2002 Budget	2001 Actual
REVENUE			
Taxes and payments in lieu of taxes	$ 17,899,908	$ 17,806,700	$ 17,275,511
Government grants	8,563,188	6,444,900	7,470,633
Sales of goods and services	6,772,204	6,632,000	6,374,552
Licenses, permits, penalties and fines	1,213,848	1,219,600	1,213,716
Investment income	508,750	600,000	1,095,813
Interdepartmental recoveries	2,732,399	2,516,600	2,522,256
Other revenues	1,165,863	225,000	1,127,297
	$ 38,856,160	$ 35,444,800	$ 37,079,778
EXPENDITURE			
General government services	$ 5,949,462	$ 5,783,500	$ 5,790,832
Protective services	3,923,014	3,894,500	3,994,524
Transportation services	6,729,694	6,487,300	6,527,765
Environmental services	4,415,247	4,340,900	3,810,241
Public health services	130,739	119,000	108,789
Community development services	940,073	916,400	981,972
Recreation and cultural services	4,362,533	4,272,200	4,055,781
Debenture interest	565,183	551,200	645,504
Capital Assets Acquisition	10,856,862	13,314,200	12,937,475
	37,872,807	39,679,200	38,852,883
Surplus (Deficiency) before debt & transfers	983,353	(4,234,400)	(1,773,105)
Debenture principal repayment	(1,373,862)	(1,395,300)	(1,463,108)
Debenture proceeds	(15,166)	2,000,000	222,974
Transfer from reserves	9,668,419	12,130,400	12,533,361
Transfers to reserves	(9,226,636)	(8,500,700)	(8,865,481)
Surplus	36,108	0	$ 654,641

CITY OF WHITEHORSE
Consolidated Statement of Financial Position
as at December 31, 2002

	2002	2001
FINANCIAL ASSETS		
Current assets		
Cash	$ 750,500	$ 466,785
Short-term investments, at cost (Note 1 & 9)	14,334,235	19,154,762
	15,084,735	19,621,547
Accounts receivable		
Taxes	315,393	440,757
City services	1,388,739	1,416,219
Sundry	952,957	1,337,279
Debentures/Loans	132,339	147,505
Grants receivable		
Government of Canada	185,096	171,364
Government of Yukon	2,100,327	1,473,198
	20,159,586	24,607,869
Liabilities		
Current liabilities		
Accounts payable	3,481,332	3,341,993
Committed payables (Note 1)	877,907	3,038,262
Deferred revenue (Note 1)	681,391	800,569
Deposits	26,980	45,702
Current portion of long term debt (Note 3)	853,489	1,394,772
	5,921,099	8,621,298
Long-term liabilities		
Long term debt (Note 3)	4,948,955	5,595,668
Other long term payables	622,020	-
	11,492,074	14,216,966
Net Financial Assets	$ 8,667,512	$ 10,390,903

CITY OF WHITEHORSE
Consolidated Statement of Financial Position
as at December 31, 2002

	2002	2001
Net Financial Assets (forward from page 1)	$ 8,667,512	$ 10,390,903
PHYSICAL ASSETS		
Prepaid expenses	$ 254,671	$ 230,998
Inventory (Note 1)	366,365	307,387
	621,036	538,385
Capital assets (Note 1)		
Buildings	32,450,663	27,038,977
Vehicles and equipment	22,308,000	21,167,545
Property and parks	6,449,276	5,818,651
Land and improvements	10,719,620	10,719,620
Public works	75,134,979	73,475,919
Public utilities	73,231,455	71,486,796
Administrative studies	3,158,851	2,950,148
	223,452,844	212,657,656
Total Physical Assets	224,073,880	213,196,041
NET POSITION	232,741,392	223,586,944
Equity		
Investment in capital assets	217,028,380	205,667,215
Reserves for future expenditures (Schedule 2)	15,676,904	17,265,088
Surplus	36,108	654,641
NET POSITION	$ 232,741,392	$ 223,586,944

Approved by:

Deputy Treasurer

CITY OF WHITEHORSE

Consolidated Statement of Changes in Equity in Capital Assets

year ended December 31, 2002

	2002 Actual	2001 Actual
Balance, beginning of year	$ 205,667,215	$ 191,859,085
Add: Capital assets acquired, net of grants	10,984,842	12,900,784
Net reduction in debenture principal	1,187,996	1,278,297
Less: Capital assets disposed	(811,673)	(370,951)
Balance, end of year	$ 217,028,380	$ 205,667,215

CITY OF WHITEHORSE
Consolidated Statement of Reserve Funds
year ended December 31, 2002

	2002 Actual	2001 Actual
SOURCES OF FUNDING		
Contributions from developers and others	$ 223,750	$ 137,500
Transfer from operations	7,841,413	6,782,503
Contributions from Government of Yukon	1,000,000	2,000,000
Encumbrances	706,974	1,829,527
Income from investments	161,814	194,737
TOTAL SOURCES OF FUNDING	9,933,951	10,944,267
EXPENDITURE		
Transfer to fund capital projects	8,671,928	12,607,311
Disencumbrances	1,829,527	1,808,600
Transfer to fund operations	1,020,680	185,308
TOTAL EXPENDITURE	11,522,135	14,601,219
NET DECREASE IN RESERVE FUNDS	(1,588,184)	(3,656,952)
Reserve Fund Balance, begining of Year	17,265,088	20,922,040
RESERVE FUND BALANCE, END OF YEAR	$ 15,676,904	$ 17,265,088

CITY OF WHITEHORSE

Consolidated Statement of Changes in Financial Position

year ended December 31, 2002

	2002 Actual	2001 Actual
OPERATING ACTIVITIES		
Surplus (Deficiency) before debt and transfers	$ 983,353	$ (1,773,105)
Change in non-cash working capital balances		
Accounts receivable	(88,529)	(1,618,719)
Accounts payable	(2,021,016)	1,360,420
Inventory	(58,978)	44,301
Prepaid expenses	(23,673)	(18,568)
Increase in deposits	(18,722)	28,445
Decrease in deferred revenue	(119,178)	10,537
Add: Capital purchases	10,856,862	12,937,475
Less: Prior year surplus	(654,641)	(523,452)
Cash flow from operating activities	8,855,478	10,447,334
FINANCING ACTIVITIES		
Decrease in reserve funds	(1,588,184)	(3,656,952)
Repayment of debentures	(1,373,862)	(1,463,108)
Debenture proceeds	(15,166)	222,974
Cash flow from financing activities	(2,977,212)	(4,897,086)
INVESTING ACTIVITIES		
Net reserve fund transfers	441,783	3,667,880
Purchase of capital assets	(10,856,862)	(12,937,475)
Cash flow from investing activities	(10,415,079)	(9,269,595)
Net decrease in cash & investments	(4,536,813)	(3,719,347)
Cash and investments, beginning of year	19,621,547	23,340,894
Cash and investment, end of year	$ 15,084,734	$ 19,621,547

CITY OF WHITEHORSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. Significant Accounting Policies

Basis of Presentation

The Financial Statements of the City of Whitehorse are prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Municipal Act of the Yukon Territory. These statements reflect the combined results and activities of the City using modified fund accounting practices. Only Capital and Operating revenues and expenditures are recorded separately.

Investments

Current investments carry interest rates of between 2.50% and 2.92%.

Investments by type and amount are:

Bankers Acceptance -	$ 1,738,112
Commercial Paper -	12,146,123
Fixed Deposit -	450,000
	$14,334,235

Committed Payables

Expenditure amounts committed but not expended in the current year are recorded as committed payable.

Equipment Reserve

The current year's transfer from operating includes a calculation for amortizing the cost of equipment on a straight-line basis over its estimated useful life. New and replacement equipment is funded from this reserve. Proceeds from the disposal of equipment are credited to the reserve.

Transit Equipment Reserve

The current year's provision is calculated by amortizing the cost of Transit equipment on a straight-line basis over its estimated useful life.

Inventory

Valued at the cost of acquisition.

Capital Assets

Capital assets are recorded at historical cost. Committed but unexpended funds for capital assets are recorded in the current year. Disposals of capital assets are recorded and relieved from Equity at cost, except for expenditures related to infrastructure projects. Amortization of capital assets has not been provided for in these financial statements.

Deferred Revenue
Deferred revenue includes prepaid frontage tax received from property owners. The current year's portion of the prepaid tax is calculated on a straight-line basis. Each year the current portion is recognized as revenue when the City remits its annual payment for the frontage debenture. Other prepaid revenue items are also included in this amount.

Revenues
The accrual method of accounting is used to record revenues.

Expenditures
Expenditures are recognized as they are incurred and when the goods or services are received and/or a legal obligation to pay is established.

Encumbered Expenditures
Encumbered expenditures relate to projects that were budgeted to occur in 2002 but were unable to be completed or committed during the year. These projects will be undertaken in 2003 so their funding is set-aside in the 2002 Encumbrance Reserve. Thus the expenditures will be matched to the budget authorizing them.

Debentures Receivable
When major capital projects funded or partially funded by debentures from the Territorial Government extend beyond the end of a fiscal period, borrowing may be delayed until completion of the project.

Basis of Accounting
The City of Whitehorse maintains a single fund for accounting purposes. All assets, liabilities, revenues and expenditures of the City are recorded in this fund. The City does not maintain separate Capital or reserve funds.

2. Water and Sewer Utility

The Water and Sewer Utility is recorded separately to provide a basis for determining rates (Schedule 1).

3. Long Term Debt

Long-term debt is issued on the credit and security of the City of Whitehorse. It is composed of debentures payable to the Government of Yukon with various interest rates from 5.00% to 11.375%. Current debt load is 14.5% of statutory limit as stipulated in the Yukon Municipal Act.

	2002	2001
Balance as at January 1	$6,990,440	$8,268,738
Add: Debenture Borrowing	0	184,810
Less: Principal Repayments	(1,187,996)	(1,463,108)
	$5,802,444	$6,990,440
Less: Current Portion	(853,489)	(1,394,772)
Balance as at December 31	$4,948,955	$5,595,668

Retirement requirements for the next fourteen years are as follows:

	Principal	Interest
2003	$853,489	$453,874
2004	931,850	375,514
2005	635,258	289,630
2006	575,241	236,605
2007	461,159	190,309
2008 - 2016	2,345,447	595,687
TOTAL	$5,802,444	$2,141,619

4. Contingent Liabilities

At December 31, 2002, contingent liabilities exist because there are legal actions pending against the City. The amount of the liability cannot be estimated at this time.

5. Financial Instruments

The City's financial instruments consist of cash, short term investments, accounts receivable, grants receivable, debentures, accounts payable, committed payables, and long term debt. Unless otherwise noted, it is Management's opinion that the City of Whitehorse is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

6. Pension Liability

Currently, employees contribute to a privately managed registered retirement savings plan. The City of Whitehorse does not contribute to this plan and therefore has no unfunded liability.

7. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during that period.

8. Statement of Expenditure by Object – Year ending December 31, 2002

Salaries, wages and benefits -	$14,928,825
Contracted and general services -	3,602,813
Materials, goods, supplies and utilities -	7,190,011
Grants to individuals and organizations -	729,113
Interest payments on debentures -	565,183
Capital asset acquisitions -	10,856,862
	$37,872,807

9. Funds Designated for Specific Purposes

Certain cash funds and short-term investments have been designated for specific purposes as outlined below:

	2002	2001
Cemetery Perpetual Care	$ 45,452	$ 42,302
Development Cost Charge	1,315,052	1,626,577
Multiplex	151,576	1,538,577
	$ 1,512,080	$ 3,207,456
Unrestricted Funds	12,822,155	15,947,306
	$14,334,235	$19,154,762

10. Commitments

During the year the City entered into negotiations with a third party for the sale of the City owned pool. As of the financial statement date the sale was still pending an environmental assessment. Upon completion of the sale the capital assets of the City will be reduced by $2.5 million.

11. Landfill closure and reclamation liability

During the year the City established a landfill reserve by transferring $86,400 from the operating fund. This reserve was established to address funding for the future liability of closure and reclamation of the City's landfill. The cost of this liability is not determinable at this time; therefore no accrual has been set up.

STATISTICAL SECTION

CITY OF WHITEHORSE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Population	22,131	22,545	22,649	22,879	23,406
Unemployment Rate					
Yukon (as of December)	10.4%	9.7%	13.5%	12.1%	12.5%
Canada (as of December)	7.5%	8.0%	6.3%	6.5%	7.7%
Occupancy trends					
Dwelling Units	8,117	8,031	7,923	7,833	7,782
Median Rent	$650	$650	$650	$655	$671
Housing Starts	126	62	47	61	76
Avg. Selling Price of Homes (000)	$161.3	$154.3	$143.8	$152.1	$148.4
Vacancy Rate	7.5	9.7	15.5	19.4	15.1
Other trends					
Res. construction value (000)	$14,760	$9,765	$8,232	$9,689	$11,262
Non-res. construction value (000)	$7,142	$21,032	$23,496	$10,857	$9,927
Business Licenses	2,386	2,400	2,709	2,708	2,721

CITY OF WHITEHORSE

PERSONNEL

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Permanent	227	228	233	233	222
Casual/**Other	192	189	222	243	237
Total Staff	419	417	455	476	459
Increase(decrease) from previous year	2	-38	-21	17	-17

**Consists of all non-permanent employees i.e. Temporary, On Call Firefighters, Recreation Instructors, etc.

Sources: City of Whitehorse and the Government of Yukon Bureau of Statistics

CITY OF WHITEHORSE

ASSESSMENT AND TAXATION INFORMATION

Years ended December 31 for 1998 to 2002

Tax Rates

	Non-Residential	Residential	Agricultural
1998	1.411%	1.275%	1.184%
1999	1.405%	1.270%	1.179%
2000	1.387%	1.254%	1.164%
2001	1.387%	1.254%	1.164%
2002	1.398%	1.199%	1.118%

Taxable Assessments (000,000)

	Non-Residential	Residential	Agricultural
1998	297.8	591.3	0.4
1999	300.7	603.1	0.4
2000	304.1	607.9	0.4
2001	304.5	622.8	0.4
2002	304.4	669.9	0.5

MAJOR PROPERTY TAXPAYERS
2002 TAXATION YEAR

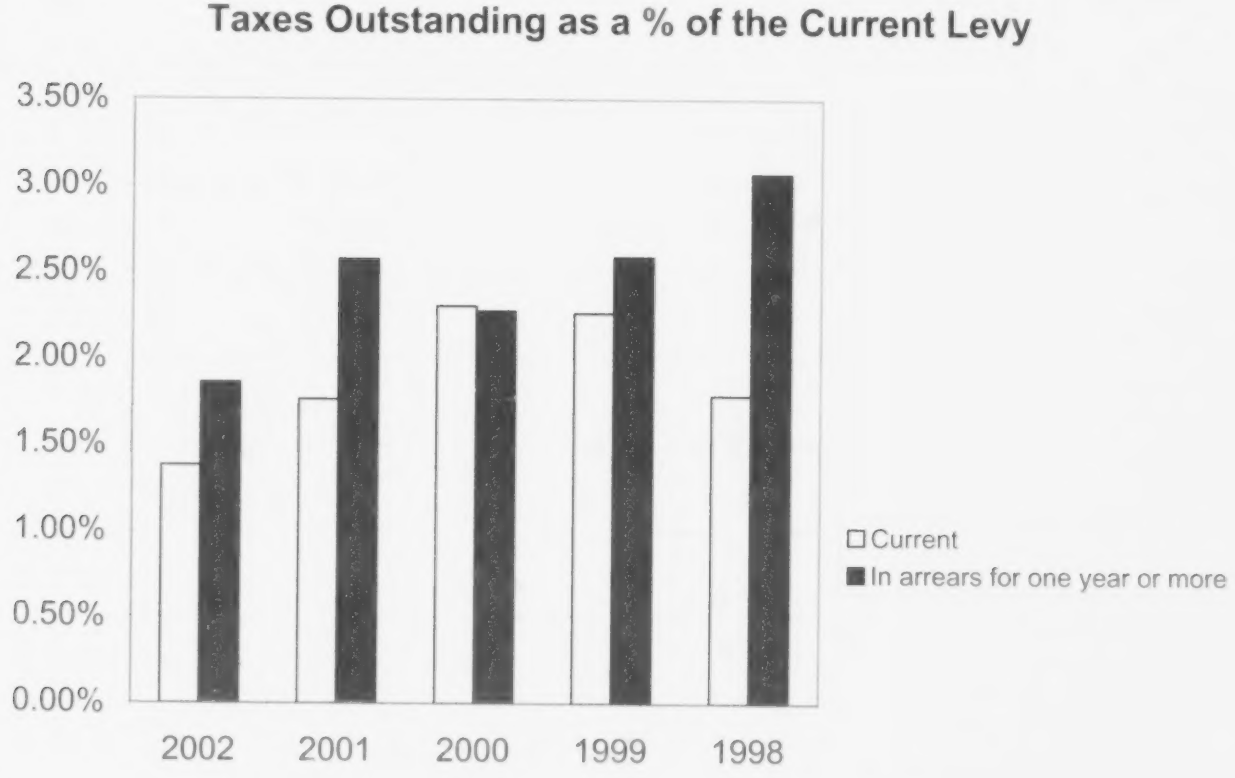
1.	89804 Canada Ltd.	$87,155
2.	Westmark Hotels Of Canada Ltd.	$91,888
3.	Westmark Hotels Of Canada Ltd.	$51,197
4.	Gold Rush Inn Ltd.	$65,695
5.	13601 Yukon Inc.	$49,262
6.	Canadian Tire Corp.	$53,707
7.	12963 Yukon Inc.	$50,917
8.	West Can Development Corp	$48,277
9.	Malamute Saloon Limited	$43,143
10.	Home Hardware Stores Ltd.	$44,785
11.	Dyea Developments Ltd.	$39,670
12.	Yukon Housing Corporation	$33,433
13.	Tutshi Financial Developments	$39,589
14.	Finning Tractor & Equipment Co. Ltd.	$38,121
15.	John Frederick Bailey	$37,554

CITY OF WHITEHORSE

TAX COLLECTION

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
CURRENT TAXABLE LEVY	$12,294,746	$12,040,716	$11,816,222	$11,892,298	$11,750,065
TAXES RECEIVABLE					
Current	$169,499	$212,064	$271,922	$269,051	$209,639
In arrears for one year or more	$228,441	$309,743	$268,606	$307,735	$360,502
	$397,940	$521,807	$540,528	$576,786	$570,141
TAXES OUTSTANDING AS A % OF CURRENT TAXABLE LEVY					
Current	1.38%	1.76%	2.30%	2.26%	1.78%
In arrears for one year or more	1.86%	2.57%	2.27%	2.59%	3.07%



CITY OF WHITEHORSE

OPERATING REVENUE AND EXPENDITURE BY FUNCTION

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Total Operating Revenue	$ 37,652,551	$ 36,898,638	$ 34,593,865	$ 40,781,498	$ 28,957,247
Operating Expenditure					
General municipal services	$6,633,584	$6,730,616	$5,433,245	$11,740,444	$1,654,819
Legislative services	$341,855	374,720	402,817	406,420	383,967
General administration	$5,894,218	5,920,674	6,028,430	5,873,938	5,683,839
Building inspection	$448,064	468,221	440,869	435,284	444,376
Fire protection	$2,412,131	2,514,701	2,258,956	2,176,153	2,132,378
Safety and emergency services	$143,263	142,184	140,325	136,736	134,025
Bylaw enforcement	$1,070,690	1,076,288	1,057,596	1,077,857	1,125,282
Transportation/Roads	$5,966,256	5,933,428	5,145,915	5,082,363	4,618,380
Public transit services	$2,228,906	1,994,929	1,959,638	2,151,329	2,051,821
Water and sewer	$4,991,381	4,406,508	4,564,347	5,184,199	4,219,508
Garbage and waste collection	$1,071,980	862,595	882,123	628,691	638,019
Environmental services	$185,592	172,994	118,465	170,243	121,039
Cemeteries	$133,890	111,593	114,368	98,406	90,887
Planning services	$768,271	723,393	717,214	743,166	604,739
Economic dev./Tourism	$727,002	423,445	518,767	397,578	524,190
Recreation administration	$476,685	576,511	553,949	459,767	479,344
Recreation facilities	$2,507,275	2,245,891	2,227,420	2,224,724	2,150,564
Recreation programs	$409,226	439,453	461,623	428,466	408,399
Parks and playgrounds	$948,649	879,434	782,832	795,714	782,407
Recreation and cultural grants	$257,525	246,419	261,514	290,704	320,012
Total Operating Expenditure	$ 37,616,443	$ 36,243,997	$ 34,070,413	$ 40,502,182	$ 28,567,995

CITY OF WHITEHORSE

CAPITAL REVENUE AND EXPENDITURE BY ASSET

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Total Capital Revenue	$ 10,856,862	$ 12,937,475	$ 9,176,642	$ 7,269,824	$ 5,639,149
Capital Expenditure					
Buildings	$ 5,411,687	$ 5,619,975	$ 1,571,435	$ 353,407	$102,302
Vehicles and equipment	1,952,128	1,972,142	1,468,290	1,158,254	1,373,890
Property and parks	630,625	930,164	1,032,702	657,582	436,296
Land and improvements	-	-	-	110,402	-
Public works	1,659,060	2,327,293	1,918,782	3,127,747	2,478,507
Public utilities	994,659	1,736,593	3,117,579	1,647,868	1,182,526
Administrative studies	208,703	351,308	67,854	214,564	65,628
Total Capital Expenditure	$ 10,856,862	$ 12,937,475	$ 9,176,642	$ 7,269,824	$ 5,639,149
REVENUE IN EXCESS OF EXPENDITURE	$ 36,108	$ 654,641	$ 523,452	$ 279,316	$ 389,252

CITY OF WHITEHORSE

CONSOLIDATED REVENUE BY SOURCE

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Taxes and payments in lieu of taxes	$16,912,103	$16,274,915	$15,954,657	$16,104,879	$15,937,332
Local improvement charges	987,805	1,000,595	955,676	937,433	939,553
Government grants	8,563,188	7,470,633	6,060,071	10,189,255	4,148,215
Sales of goods and services	6,772,204	6,374,552	6,525,693	6,020,835	5,836,023
Licenses, permits, penalties and fines	1,213,848	1,213,716	1,237,857	1,213,547	1,121,479
Investment income	508,750	1,095,813	1,408,476	1,054,207	842,722
Other revenues	1,165,863	1,127,297	747,422	829,142	742,794
	$36,123,761	$34,557,522	$32,889,852	$36,349,298	$29,568,118
Interdepartmental recoveries	2,732,399	2,522,256	2,299,188	2,293,541	1,997,008
TOTAL REVENUE	$38,856,160	$37,079,778	$35,189,040	$38,642,839	$31,565,126

CITY OF WHITEHORSE

CONSOLIDATED EXPENDITURE BY OBJECT**

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
EXPENDITURE					
Human Resources	$14,928,825	$14,080,217	$14,092,677	$13,769,241	$13,161,863
Contracted and general services	3,602,813	3,697,422	3,464,206	3,373,145	2,876,059
Materials, goods, supplies and utilities	7,190,011	6,841,289	6,538,516	6,791,205	6,181,695
Grants	729,114	650,976	557,388	598,012	573,048
Interest payments on debentures	565,183	645,504	688,046	1,322,584	1,196,519
Capital asset acquisitions	10,856,862	12,937,475	9,176,642	7,269,824	5,639,149
TOTAL EXPENDITURE BY OBJECT	$37,872,807	$38,852,883	$34,517,473	$33,124,011	$29,628,332

** The term "object" refers to expenditure by nature or type

CITY OF WHITEHORSE

CAPITAL EXPENDITURES

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Expenditure Components:					
Public Works	$1,659,060	$2,327,293	$1,918,782	$3,127,747	$2,478,507
Public Utilities	994,659	1,736,593	3,117,579	1,647,868	1,182,526
Building Projects	5,411,687	5,619,975	1,571,435	353,407	102,302
Vehicles and Equipment	1,952,128	1,972,142	1,468,290	1,158,254	1,373,890
Administrative Studies	208,703	351,308	67,854	214,564	65,628
Property/Park Development	630,625	930,164	1,032,702	657,582	436,296
Land & Improvements	0	0	0	110,402	0
	$10,856,862	$12,937,475	$9,176,642	$7,269,824	$5,639,149
Sources of Funding					
Government of Canada Grants	$ 45,575	$ -	$ -	$ 10,000	$ -
Government of Yukon Grants	5,078,662	4,018,147	3,760,289	3,763,558	2,627,271
Transfers from Reserves					
Area Development Scheme	(35,350)	80,324			
Computer Equipment		46,000	90,708	65,000	
Copper/Quartz & 2 Mile Hill			726,151		
Development Cost Charges	88,113	(21,624)	152,462	223,845	110,873
Environmental Protection	51,734	(32,700)		181,647	
Equipment	615,840	543,336	447,989	291,530	739,508
General Fund	879,536	1,092,758	894,706	957,566	1,004,713
Land Bank				110,402	
Multiplex	3,132,045	5,450,017	1,316,295	299,993	
Parking Development		74	68,035	17,327	
Recreation Facilities	63,645				(8)
Sewage Treatment Facility					471,291
Tire Disposal	42,416	74,206			
Transit Equipment	(341)	351,193		84,949	
Water and Sewer Replacement	465,030	626,287	1,044,892	591,791	207,439
Waterfront Development	335,832	100,034		174,895	249,964
Total Transfers from Reserves	$5,638,500	$8,309,906	$4,741,238	$2,998,945	$2,783,780
Debentures	(15,166)	222,974	529,485	498,019	189,305
Other Contributions	109,291	386,448	145,630	(698)	38,793
Total Funding	$10,856,862	$12,937,475	$9,176,642	$7,269,824	$5,639,149

CITY OF WHITEHORSE

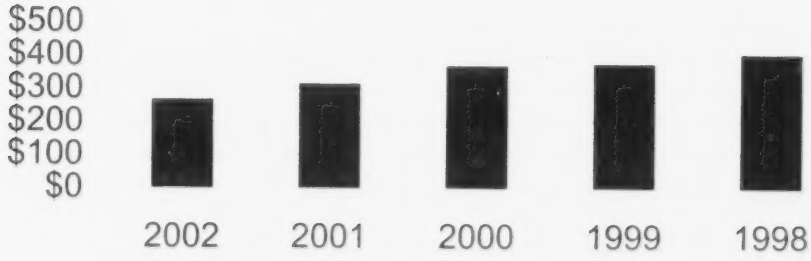
ANALYSIS OF DEBT

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Total Assessed Value	$1,309,809,530	$1,237,555,560	$1,213,097,060	$1,208,419,750	$1,191,174,390
**Allowable Debt Limit	$39,294,286	$37,126,667	$36,392,912	$36,252,593	$35,735,232
Total Debt Outstanding -Beginning of Year	$6,990,440	$8,268,737	$8,518,941	$9,407,535	$9,713,707
Add:					
Debenture Borrowing	0	184,810	1,100,480	433,988	890,346
Less:					
Prinicipal Repayments	(1,187,996)	(1,463,108)	(1,350,681)	(1,322,584)	(1,196,519)
Detailed Total Debt Outstanding -End of Year					
General Municipal	$3,553,070	$4,384,783	$5,317,071	$5,912,123	$6,545,746
Water and Sewer	$2,249,374	$2,605,657	$2,951,666	$2,606,818	$2,861,789
	$5,802,444	$6,990,440	$8,268,737	$8,518,941	$9,407,535
Gross Debt Servicing Costs	$1,937,045	$2,108,612	$2,038,727	$2,098,703	$2,032,505
Gross Debt Servicing Costs as a Percentage of Total Operating Expenditures	5.1%	5.8%	6.0%	5.2%	7.1%

***The total principal amount of debt that a municipality may owe at any time shall not exceed three percent of the current assessed value of all real property within the municipality that is subject to property taxes or grants in lieu of taxes, as per the Municipal Act, 2000.*

PER CAPITA DEBT



CITY OF WHITEHORSE

RESERVES ANALYSIS

Years ended December 31 for 1998 to 2002

	2002	2001	2000	1999	1998
Anniversaries	$ -	$ -	$ 34,700	$ 34,700	$ 34,700
Area Development Scheme	87,391	52,042	105,000	-	-
Building Replacement	877,097	653,804	693,804	693,804	693,804
Capital	2,095,296	2,007,829	2,860,277	2,808,352	3,693,193
Cash In Lieu of Municipal	60,067	60,067	60,067	60,067	60,067
Cemetery Perpetual Care	45,452	42,302	39,498	36,577	32,334
Community Complex	250,000	250,000	250,000	250,000	250,000
Computer Equipment	181,947	131,234	128,409	194,117	214,117
Contingency	567,366	768,787	824,191	824,191	888,191
Copper/Quartz & 2 Mile Hill	-	23,849	23,849	750,000	-
Development Cost Charges	1,315,052	1,626,577	1,247,003	1,028,446	865,553
Encumbrance	706,974	1,829,527	1,808,600	1,134,700	864,950
Environmental Protection	354,002	375,832	301,090	172,463	318,982
Equipment	833,287	873,341	920,518	941,307	708,837
General Fund	395,272	260,570	378,802	278,448	393,807
Historic Buildings	-	-	-	-	18,668
Land Bank	637,474	637,474	584,974	492,394	455,782
Landfill Closure	86,400				
Multiplex	151,576	1,538,577	4,860,334	5,873,849	
Parking Development	1,625,679	1,489,252	1,321,193	1,226,628	1,087,855
Recreation Facilities	806,023	708,669	563,669	393,894	1,248,894
Recreation Grant	6,900	18,000	17,430	23,919	39,350
Sewage Treatment Operating & Maintenance	-	-	262,271	262,271	262,271
Sister Cities	5,000	5,000	5,000	5,000	5,000
Snow and Ice Control	-	-	52,286	52,286	52,286
Tire Disposal	42,780	51,216	78,210	-	
Transit Equipment	314,547	180,066	398,027	264,795	231,190
Water and Sewer Replacement	3,606,136	2,974,105	2,382,822	2,462,964	2,087,255
Waterfront Development	228,896	233,278	333,312	333,312	508,207
Working Capital	396,290	473,690	386,704	381,897	381,897
TOTAL RESERVES	**$15,676,904**	**$17,265,088**	**$20,922,040**	**$20,980,381**	**$15,397,190**

2001 - 2003
STRATEGIC PLAN

INTRODUCTION

WITH INCREASING DEMANDS ON LIMITED DOLLARS A STRATEGIC PLAN IS INTENDED TO:

- Provide a framework that has been discussed and agreed upon by Council for Administration to use as a reference when it brings recommendations forward and for Council to use as a reference in making its decisions;

- Provide a road map for Mayor and Council to communicate to the community and to staff; and

- Promote a stronger sense of organizational unity internally and a stronger sense of organizational identity.

Since November 1992, the Council for the City of Whitehorse has been involved in a Strategic Planning Process which:

- Involves Council, staff, and the public; and

- Results in the identification of the key projects and issues towards which staff and financial resources will be allocated over each Council term.

The Process involves:

- A comprehensive review each Spring following Council's election; and
- Annual updates each Spring thereafter.

The members of the 2001 - 2003 City of Whitehorse Strategic Planning Steering Committee that have worked with Council, the City's Management Group and the Public on the 2001 - 2003 Stategic Plan:

Bill Newell	City Manager
Robert Fendrick	Director of Administrative Services
Pete Craft	Building Inspection
Sheila Dodd	Tourism
Lynda Friesen	Administrative Services
Mike Gau	Planning Services
Paul Gray	Bylaw Services
Gail Hogg	Financial Services
Jackie Hynes/Sabine Schweiger	Environment
Tony Lomas	Human Resources
Janice Meier	Transit Department
Gary Pettifor	Fire Department
Blaine Rapp	Maintenance and Safety Services
Kathy Zrum	Parks and Recreation

PROCESS

The Strategic Planning Process used by the City of Whitehorse involves the public, staff and Council in developing the Strategic Plan for Council's term via a series of meetings that take place during the six to eight months following Council's election. The Strategic Plan is adopted and reviewed annually prior to the commencement of the annual budget process.

On April 28, 2003 Council adopted its 2nd **Annual Update** to the 2001-2003 Corporate Strategic Plan. The Corporate Strategic Plan is amended, annually, to reflect Council's direction and reflect the status of completion. Detailed action plans are also updated, as required, and reported to Council on a quarterly basis.

Council's direction, via the Strategic Plan, forms the basis of the Budget Guidelines distributed to staff. Taking their direction from the adopted Strategic Plan, Administration submits their budget requests for Council's review. The action plans developed for each of the Priorities are adjusted to meet funding proposed in the Budget Bylaw.

City departments all develop **Performance Measures** to ensure the service we are providing is, in fact, "Quality Customer Service" in accordance with our Values and every two years, we conduct a **Citizen Survey** to get feedback from our citizens on how we're doing.

VALUES

In all These ways, we will transmit this city not only
not less, but greater, better and more beautiful
than it was transmitted to us.
(Oath of Athens)

A Sense of Community

- We value and share the needs, aspirations and diversity of our community - they exemplify our Yukon Spirit and are the foundations of our vision.
- We believe we need a safe and healthy community in order for our citizens and businesses to prosper.
- We aspire to a vibrant quality of life. We believe in community involvement.
- We promote teamwork within our community as the basis of shared success; diversity is our strength. We believe anything can be accomplished by working together.

Quality Customer Service

- Our teamwork and co-operative spirit reaches out to the customers – we include the customer in our team.
- We treat everybody as a customer; including our colleagues.
- We provide fair, honest, and consistent customer service.
- We identify, understand, and respond to our customers' needs.
- We measure our customer service, looking for opportunities to improve.

Fiscal Responsibility

- We are caretakers of our City.
- We believe implementing our community vision requires careful financial planning and accountability to our citizens.
- We are fair and prudent and our expenditures are affordable.
- We save for our community's future.

Environmental Awareness

- We are proud of our land. Its fragility and the resources it provides us, deserves our respect.
- We believe preservation, protection and rehabilitation of our natural environment are important factors in our decision making process.

OUR SIX FOCUS AREAS

We achieve Our Vision by Making a Commitment

- **Focus Area 1: Community Growth**
  Commitment Statement: In partnership with the community, ensure Whitehorse plans its future growth while respecting our people, values and environment.

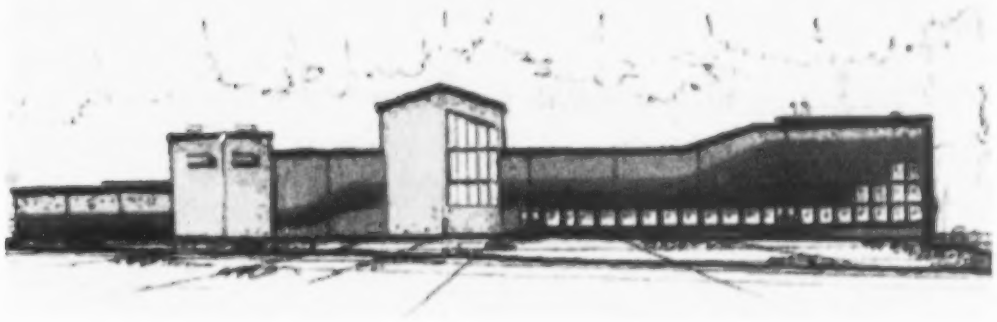
- **Focus Area 2: Community Services And Public Safety**
  Commitment Statement: Plan and promote a safe and healthy community.

- **Focus Area 3: Infrastructure**
  Commitment Statement: Provide functional and affordable infrastructure including facilities, communication systems, water, sewer, roadway and pedestrian networks.

- **Focus Area 4: Fiscal Responsibility**
  Commitment Statement: Make the most effective and efficient use of resources in order to meet the needs of the community.

- **Focus Area 5: Organizational Development**
  Commitment Statement: Ensure an energetic, innovative, efficient and flexible organization where employees are respectful of others and take ownership of their actions.

- **Focus Area 6: Capital Pride**
  Commitment Statement: Support initiatives that promote our community and celebrate our uniqueness.



The Whitehorse Lions Aquatic Centre

Focus Areas and Priorities - 2001 - 2003

Corporate Priorities are those significant matters facing the City, which require Council and Staff attention. Corporate priorities can involve:

- A significant policy decision;
- A demonstration of political support;
- A balancing of public and vested interests;
- A high public visibility;
- A legislative requirement or a service delivery need;
- A high risk associated with consequences of success or failure;
- A significant allocation of financial or organizational resources.

Update by Council in March 2003, adopted by Council on April 28, 2003 and listed in order of priority:

Focus Area 1: Community Growth

Commitment Statement: In partnership with the community, ensure Whitehorse plans its future growth while respecting our people, values and environment.

Corporate Priorities

- Develop the Waterfront
- Preserve the Historical Value of the City
- Finalize and Implement Official Community Plan
- Plan for Whitehorse 2007 Jeux Du Canada Winter Games

Focus Area 2: Community Services And Public Safety

Commitment Statement: Plan and promote a safe and healthy community

Corporate Priorities

- Review Transit Operating System
- Develop a Fire Abatement Program
- Develop Standards for Key Municipal Services
- Develop Strategy to Mitigate Climate Change

Focus Area 3: Infrastructure

Commitment Statement: Provide functional and affordable infrastructure including facilities, communication systems, water, sewer, roadway and pedestrian networks.

Corporate Priorities

- Develop a Strategy to Coordinate the Delivery of City Services
- Multiplex Phase II Design
- Downtown Parking Review
- Bikeways Review
- Develop Information Technology Strategy

Focus Area 4: Fiscal Responsibility

Commitment Statement: Make the most effective and efficient use of resources in order to meet the needs of the community.

Corporate Priorities

- Budget Implication of Gas Distribution
- Fiscal Guideline Review

Focus Area 5: Organizational Development

Commitment Statement: Ensure an energetic, innovative, efficient and flexible organization where employees are respectful of others and take ownership of their actions.

Corporate Priorities

- Develop a Human Resources Strategy

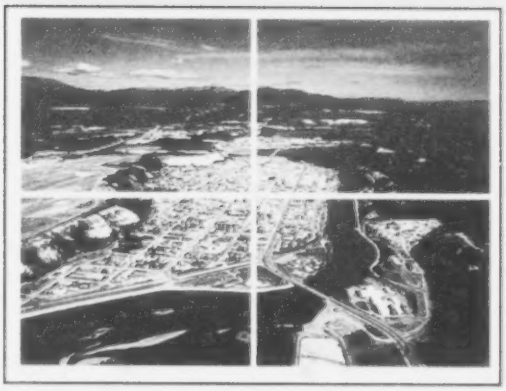
Focus Area 6: Capital Pride

Commitment Statement: Support initiatives that promote our community and celebrate our uniqueness.

Corporate Priorities

- Develop and Conduct "Quality of Life" Measurements
- Develop a Strategy to Promote and Celebrate the Historical Value of the City
- Develop Strategy to Support Community Events

Window On Whitehorse



VISION STATEMENT 2001-2003—A VIEW TO OUR FUTURE

It's the beginning of a new century. In partnership with citizens and staff, the elected leaders of the City of Whitehorse have created a community vision designed to guide our organization and the community toward a strong, stable and sustainable future.

Our vision statement is the foundation upon which we develop the plans and undertake the actions that will lead us toward our view of the future.

People and Values

We see our City growing steadily toward becoming a diverse, urban community. We see a vibrant city core as a gathering place for the benefit of all. We envision a community that offers opportunities to encourage young people to stay in Whitehorse creating a healthy mix of youth, families and elders. Cultural groups work co-operatively to create a friendly and supportive community and all citizens are provided with a safe, secure and enjoyable living environment. The citizens of Whitehorse are committed to improving their quality of life through a wide choice of sport, recreational and cultural activities.

Whitehorse citizens embody the "Spirit of the Yukon." They are proud of their City and proud of their unique characteristics and independent nature.

Economic and Social

We envision a community that has a strong diverse economic base. It is built on our role as a Canadian Capital City and as the Yukon hub for transportation, as well as resource development, technology, tourism, culture and government. We help in creating the environment for businesses to flourish and grow. Infrastructure is in place that supports business. Whitehorse is an affordable place for people to live and for business to develop. The City acts in a fair, fiscally responsible manner.

The roles of our Territorial and First Nations Governments and non-governmental organization partners are in harmony and clearly defined. We advocate for community volunteerism, for strong non-governmental organizations and for the development of individual self-reliance.

The citizens of Whitehorse benefit from a focus on community wellness and high employment levels offer rewarding opportunities for all.

Mission Statement: Our mission is to promote a sustainable quality of life and the well being of the community by striving for excellence in leadership and municipal service.

City of Whitehorse

Mission Statement

Our mission is to promote a sustainable quality of life and the well being of the community by striving for excellence in leadership and municipal service.

Corporate Values

We value:

- *A SENSE OF COMMUNITY*
- *QUALITY CUSTOMER SERVICE*
- *FISCAL RESPONSIBILITY*
- *ENVIRONMENTAL AWARENESS*

City of Whitehorse

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